between the North-Eastern States of India and Myanmar. Expansion of road links between the two countries constitutes an important aspect of these initiatives.

In 2001, Government of India upgraded the 160 km. long Tamu-Kalewa-Kalemyo in Myanmar which links India and Myanmar through the Tamu-Moreh (Manipur) border point. The Tamu-Kalewa-Kalemyo road was used during the first India-ASEAN car rally flagged off by the Prime Minister from Gawahati in November 2004. In addition, Government of India is committed to improving road connectivity at Zowkhathar (Mizoram)-Rhi, the second border trade point along the India-Myanmar border, by upgrading the Rhi-Tidm and Rhi-Falam roads in Myanmar.

Discussions are also underway for building a Trilateral Highway from Moreh in Manipur to Mae Sot in Thailand *via* Bagan in Myanmar. This would provide connectivity to North-East India up to Thailand and beyond to other ASEAN countries.

Further, the Kaladan Multi-modal transport project which is expected to be implemented soon seeks to connect Indian ports on the eastern coast with Mizoram through a combination of sea, inland waterway and highway connections. The highway component of the project would connect Kaletwa in Myanmar with the National Highway 54 at Nalkawn in Mizoram.

The Myanmar Government has been cooperating with India on the above road projects. Thailand, which is involved in the Trilateral Highway project, is also keen to implement it.

Directors in Neyveli Lignite Corporation

*262. SHRIMATI AMBIKA SONI:
SHRI SANTOSH BAGRODIA:

Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that Board of Directors of Public Sector Undertakings are to consist of 50 per cent directors and non executive directors but in the Neyveli Lignite Corporation (NLC) there was only one independent director on its board as has been reported by C & AG in its report No.4 of 2003 (PSUs);

(b) if so, the reasons for violating SEBI's rule and the steps taken to rectify the mistakes and to fix the responsibility of the authority concerned for their being no non-executive director; and

(c) the details of other observations made by C & AG regarding NLC and the action taken thereon?

THE MINISTER OF STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYAN RAO): (a) to (c) Yes, Sir, As per Clause 49 of the Listing Agreement with the Stock Exchanges, the company should have an optimum combination of Executive and Non-Executive Directors with not less than 50% of the Board of Directors comprising of Non-Executive Directors.

In pursuance of the said clause, provision has been made for appointment of eight (8) independent directors, out of which seven (7) have been inducted and the one vacancy of independent director is being filled up.

The details of other observations made by the Comptroller and Auditor General regarding NLC and action taken thereon by NLC are given in the Statement.

Statement

Details of other observations made in the C & AG report and action taken thereon by NLC

Para No.	CAG remark	Action taken thereon
1	2	3
5.3.1.1	The Chairperson on the Audit Committee of NLC were not Independent Directors as required by Clause 49 of the Listing Agreement.	Since there was no'Independent Director' in the Board as on 31.03.2002, the Chairperson of the Audit Committee was not an Independent Director. Present Status —Presently the Chairman of the Audit Committee is an Independent Director.

1	2	3
5.3.1.4	One member who was nominee of Government of Tamil Nadu did not attend all the three meetings of the Audit Committee held during his tenure.	Proper notice convening the Audit Committee meetings were given to all Members. One member, on account of pre-occupation did not attend the meetings.
5.3.1.6	The terms and reference of Audit Committee in NLC included the review of Company's financial and risk management policies But the Committee did not specifically review the same.	Such review is made only when the Audit Committee so decide and accordingly such review was done in 2002-03
5.4.2	NLC did not have any Independent Director on its Board as the three Non-Executive Directors were Govemment Nominees.	The reconstituted Board of NLC consists of 16 nos. of Directors, comprising of 6 nos. of Executive Directors, 2 nos. of Part-time Official Directors (Non-Executive) and 7 nos. of Part-time Non-official Directors (Non-executive and independent) in position. Action has been initiated to fill up one vacant post.
5.4.3	One Govemment nominee director did not attend all the 6 nos. of meeting held during his tenure and another Government nominee director did not attend . 2 meetings (out of 9) held during his tenure 2001-02.	Proper notice convening the meetings of Board of Directors were given to all Directors. Govemment Nominee Directors as referred to in the CAG report did not attend the meetings due to their pre-occuption, for which Leave of Absence was granted by the Board.